

# Public Purpose/Impact Analysis

**Title of Project:** Real Property Exchange Agreement

**Project Description:** The City of Las Vegas sold to the Las Vegas Police Protective Association ("PPA") the real property located at the Northwestern corner of Seventh Street and Stewart Avenue ("Seller's Property") for the development of an office building by the PPA. Because the City of Las Vegas Redevelopment Agency needs the Seller's Property for reserving a site for a future professional sports arena, the Agency would like to exchange its real property at the Southeastern corner of Clark Avenue and Fourth Street ("City Property") for the Seller's Property. Upon acquisition by the PPA of the Agency's Property, the PPA will be required to build its office building to a minimum density and to provide all parking on-site within a specific timeline. The Agency will be able to re-enter and repurchase the site if the PPA fails to proceed with development of the office building according to such timeline. The PPA is a Nevada not-for-profit corporation organized pursuant to NRS 82.021.

**Sponsor/Developer:** Las Vegas Police Protective Association Metro, Inc.

**Assistance Provided by:** City of Las Vegas Redevelopment Agency

**Number of Direct Jobs Created:** 4 (1 office, 3 retail)

**Number of Indirect Jobs Created:** Ancillary

**Number of Direct Jobs Retained:** 50 (5 PPA, 45 private)

**Pertinent Statutes Used for Public Purpose:**

**N.R.S. 279**

**How Does the Project Benefit the Public:**

Per Resolution, the Agency has determined that the buildings, facilities, structures or other improvements are of benefit to the redevelopment area or the immediate neighborhood in which the redevelopment area is located, and that no other reasonable means of financing are available for the project. The Agency believes that the PPA development is likely (1) to encourage the creation of new business or other appropriate development; (2) increase local revenues (property tax revenue and sales tax revenue) from desirable sources; (3) increase levels of human activity in the area around the project; and (4) demonstrate greater social benefits to the community than would a similar set of improvements not paid for by the Agency.

Quantitative Economic Benefits:

The total economic impact to the Agency is estimated at \$1,125,167. (See Economic Impact Analysis below for the basis of this estimate.)

Private Investment:

Approximately \$21,800,000.

Public Investment\*:

In-kind land contribution of approximately \$767,056.

Total direct Economic Impact:

Annual property tax increment to the Agency in the amount of \$67,510.

Total Indirect Economic Impact:

Ancillary.

Economic Impact Study Performed: Yes ☒ No ☐

Return on Investment Analysis Performed: Yes ☐ No ☒

\* The Public Investment from the Agency is the difference between the value of the RDA Site and the value of the PPA Site as shown below:

The average of the appraised values for the RDA Site is \$145.00 per square foot, which equates to a value of \$3,552,500.

The average of the appraised value, and of the comparative market sales, for the PPA Site is \$101.50 per square foot, which equates to a value of \$2,785,444.

The difference in the RDA Site and the PPA Site is \$767,056.

## **Economic Impact Analysis**

The economic impact of the office building currently under contract with the PPA is as follows:

Office building with 27,000 square feet, hard and soft cost @\$300/sf	\$8,100,000
66 surface parking spaces @\$3,000 per space	<u>\$ 198,000</u>
Total Construction Cost, current PPA project	\$8,298,000

The economic impact of a larger office building, if built by the PPA on the RDA site at Fourth Street and Clark Avenue, would be as follows:

Office building with 40,000 square feet, hard and soft cost @\$500/sf	\$20,000,000
120 parking spaces @ \$15,000 per space	<u>\$ 1,800,000</u>
Total Construction Cost, larger PPA project on RDA Site	\$21,800,000
(Construction cost is higher on RDA Site due to increased density and to requirement that PPA pay prevailing wage rates on construction)	

Total Construction Cost, larger PPA project on RDA Site	\$21,800,000
LESS Total Construction Cost, current PPA project	<u>( \$8,298,000)</u>
Increase in Construction Valuation on Finished PPA Office Project	\$13,502,000

Annual tax increment to the Agency (approximate)	\$ 135,020
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Taxable portion of project (half is tax-exempt due to use by PPA)	\$ 67,510
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<b>Using a cap rate of 6%, the value to the Agency of this tax increment</b>	<b>\$ 1,125,167</b>
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Thus, the total economic impact to the Agency is estimated at \$1,125,167. This is larger than the in-kind contribution from the Agency of \$767,056.